

**SERIAL 04007 - RFP SHORT TERM DISABILITY PLAN ADMINISTRATOR**

**CONTRACT PERIOD THROUGH DECEMBER 31, 2008**

TO: All Departments

FROM: Department of Materials Management

SUBJECT: Contract for **SHORT TERM DISABILITY PLAN ADMINISTRATOR**

Attached to this letter is published an effective purchasing contract for products and/or services to be supplied to Maricopa County activities as awarded by Maricopa County on **July 07, 2004**.

All purchases of products and/or services listed on the attached pages of this letter are to be obtained from the vendor holding the contract. Individuals are responsible to the vendor for purchases made outside of contracts. The contract period is indicated above.

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Wes Baysinger, Director  
Materials Management

SD/mm  
Attach

Copy to: Clerk of the Board  
Mike Schaiberger, Total Compensation  
Pat Vancil, Total Compensation  
Diane Golat, Total Compensation  
Sharon Tohtsoni, Materials Management

(Please remove Serial 00177-RFP from your contract notebooks)



## **CONTRACT FOR SHORT DISABILITY PLAN ADMINISTRATION SERVICES**

SERIAL 04007-RFP

This Contract is entered into this 7<sup>TH</sup> day of JULY 2004 by and between Maricopa County ("County"), a political subdivision of the State of Arizona, and VPA Inc., ("Contractor") for the purchase of SHORT TERM DISABILITY PLAN ADMINISTRATION services.

### **1.0 TERM**

- 1.1 This Contract is for a term of Three (3) years, beginning on the 1st day of January, 2005 and ending the 31<sup>st</sup> day of December 2008.
- 1.2 The County may, at its option and with the agreement of the Contractor, extend the period of this Contract for additional one (1) year terms up to a maximum of Three (3) additional terms. The County shall notify the Contractor in writing of its intent to extend the Contract period at least thirty (30) calendar days prior to the expiration of the original contract period, or any additional term thereafter.

### **2.0 PAYMENT**

- 2.1 As consideration for performance of the duties described herein, County shall pay Contractor the sum stated in Final Pricing, attached hereto and incorporated herein as Exhibit "A"
- 2.2 Payment under this Contract shall be made in the manner provided by law. Invoices shall be prepared and submitted in accordance with the instructions provided on the purchase order. Invoices shall contain the following information: contract number, purchase order number, description of supplies and/or services, quantities, unit prices, and extended totals.

### **3.0 DUTIES**

- 3.1 The Contractor shall perform all duties stated in the Agreed Scope of Work, attached hereto and incorporated herein as Exhibit "B."

### **4.0 TERMS & CONDITIONS**

#### **4.1 INDEMNIFICATION AND INSURANCE:**

##### **4.1.1 Indemnification.**

To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless the County, its agents, representatives, officers, directors, officials, and employees from and against all claims, damages, losses and expenses, including but not limited to attorney fees and costs, relating to this Contract.

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

The scope of this indemnification does not extend to the negligence of the County.

4.1.2 Insurance Requirements.

Contractor, at its own expense, shall purchase and maintain the herein stipulated minimum insurance with companies duly licensed, possessing a current A.M. Best, Inc. Rating of B++6, or approved unlicensed companies in the State of Arizona with policies and forms satisfactory to the County.

All insurance required herein shall be maintained in full force and effect until all work or service required to be performed under the terms of the Contract is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of the County, constitute a material breach of this Contract.

The Contractor's insurance shall be primary insurance as respects the County, and any insurance or self-insurance maintained by the County shall not contribute to it.

Any failure to comply with the claim reporting provisions of the insurance policies or any breach of an insurance policy warranty shall not affect coverage afforded under the insurance policies to protect the County.

The Contractor shall be solely responsible for the deductible and/or self-insured retention and the County, at its option, may require the Contractor to secure payment of such deductibles or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit.

The County reserves the right to request and to receive, within ten (10) working days, certified copies of any or all of the herein required insurance policies and/or endorsements. The County shall not be obligated, however, to review such policies and/or endorsements or to advise Contractor of any deficiencies in such policies and endorsements, and such receipt shall not relieve Contractor from, or be deemed a waiver of the County's right to insist on strict fulfillment of Contractor's obligations under this Contract.

The insurance policies required by this Contract, except Workers' Compensation, shall name the County, its agents, representatives, officers, directors, officials and employees as Additional Insureds.

The insurance policies required hereunder, except Workers' Compensation, shall contain a waiver of transfer of rights of recovery (subrogation) against the County, its agents, representatives, officers, directors, officials and employees for any claims arising out of Contractor's work or service.

4.1.2.1 Commercial General Liability. Contractor shall maintain Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence with a \$2,000,000 Products/Completed Operations Aggregate and a \$2,000,000 General Aggregate Limit. The policy shall include coverage for bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual coverage including, but not limited to, the liability assumed under the indemnification provisions of this Contract which coverage will be at least as broad as Insurance Service Office, Inc. Policy Form CG 00 01 10 93 or any replacements thereof.

The policy shall contain a severability of interest provision, and shall not contain a sunset provision or commutation clause, or any provision which would serve to limit third party action over claims.

The Commercial General Liability additional insured endorsement shall be at least as broad as the Insurance Service Office, Inc.'s Additional Insured, Form CG 20 10 11 85, and shall include coverage for Contractor's operations and products and completed operations.

If the Contractor subcontracts any part of the work, services or operations awarded to the Contractor, Contractor shall purchase and maintain, at all times during prosecution of the work, services or operations under this Contract, an Owner's and Contractor's Protective Liability insurance policy for bodily injury and property damage, including death, which may arise in the performance of the Contractor's work, service or operations under this Contract. Coverage shall be on an occurrence basis with a limit not less than \$1,000,000 per occurrence, and the policy shall be issued by the same insurance company that issues the Contractor's Commercial General Liability insurance.

4.1.2.2 Automobile Liability. Contractor shall maintain Automobile Liability insurance with an individual single limit for bodily injury and property damage of no less than \$1,000,000, each occurrence, with respect to Contractor's vehicles (whether owned, hired, non-owned), assigned to or used in the performance of this Contract.

4.1.2.3 Workers' Compensation. The Contractor shall carry Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Contractor's employees engaged in the performance of the work or services, as well as Employer's Liability insurance of not less than \$1,000,000 for each accident, \$1,000,000 disease for each employee, and \$1,000,000 disease policy limit.

If any work is subcontracted, the Contractor will require Subcontractor to provide Workers' Compensation and Employer's Liability insurance to at least the same extent as required of the Contractor.

4.1.3 Certificates of Insurance.

4.1.3.2 Prior to commencing work or services under this Contract, Contractor shall have insurance in effect as required by the Contract in the form provided by the County, issued by Contractor's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Contract are in full force and effect. Such certificates shall be made available to the County upon 48 hours notice. **BY SIGNING THE AGREEMENT PAGE, THE CONTRACTOR AGREES TO THIS REQUIREMENT AND FAILURE TO MEET THIS REQUIREMENT WILL RESULT IN CANCELLATION OF CONTRACT.**

If a policy does expire during the life of the Contract, a renewal certificate must be sent to the County fifteen (15) days prior to the expiration date.

4.1.4 Cancellation and Expiration Notice.

Insurance required herein shall not be permitted to expire, be canceled, or materially changed without thirty (30) days prior written notice to the County.

4.2 **PROCUREMENT CARD ORDERING CAPABILITY:**

It is the intent of Maricopa County to utilize the MasterCard Procurement Card, or other procurement card that may be used by the County to place and make payment for orders under the Contract.

4.3 **NOTICES:**

All notices given pursuant to the terms of this Contract shall be addressed to:

For County:

Maricopa County  
Department of Materials Management  
Attn: Director of Purchasing  
320 West Lincoln Street  
Phoenix, Arizona

For Contractor:  
VPA Inc.  
Attn: Director of Contract Administration  
24025 Park Sorrento, Suite 200  
Calabasas, CA. 91302

**4.4 REQUIREMENTS CONTRACT:**

Contractor signifies its understanding and agreement by signing this document, that this Contract is a requirements contract. This Contract does not guarantee any purchases will be made. Orders will only be placed when County identifies a need and issues a purchase order.

Contractor shall take no action under this Contract unless specifically requested by County.

County reserves the right to cancel purchase orders within a reasonable period after issuance. Should a purchase order be canceled, the County agrees to reimburse the Contractor for actual and documented costs incurred by the Contractor pursuant to the purchase order.

Contractor agrees to accept verbal cancellation of purchase orders.

**4.5 ESCALATION:**

Any requests for reasonable price adjustments must be submitted thirty (30) days prior to the Contract expiration date. Requests for adjustment in cost of labor and/or materials must be supported by appropriate documentation cannot exceed the Rate Cap proposed in Exhibit A. If County agrees to the adjusted price terms, County shall issue written approval of the change. The reasonableness of the request will be determined by comparing the request with the Producer Price Index or by performing a market survey.

**4.6 TERMINATION:**

County may unconditionally terminate this Contract for convenience by providing thirty (30) calendar days advance notice to the Contractor.

County may terminate this Contract if Contractor fails to pay any charge when due or fails to perform or observe any other material term or condition of the Contract, and such failure continues for more than ten (10) days after receipt of written notice of such failure from County, or if Contractor becomes insolvent or generally fails to pay its debts as they mature.

**4.7 STATUTORY RIGHT OF CANCELLATION FOR CONFLICT OF INTEREST:**

Notice is given that pursuant to A.R.S. § 38-511 the County may cancel this Contract without penalty or further obligation within three years after execution of the contract, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County is at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity or consultant to any other party of the Contract with respect to the subject matter of the Contract. Additionally, pursuant to A.R.S § 38-511 the County may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County from any other party to the contract arising as the result of the Contract.

**4.8 OFFSET FOR DAMAGES;**

In addition to all other remedies at law or equity, the County may offset from any money due to the Contractor any amounts Contractor owes to the County for damages resulting from breach or deficiencies in performance under this contract.

**4.9 ADDITIONS/DELETIONS OF SERVICE:**

The County reserves the right to add and/or delete products and/or services provided under this Contract. If a requirement is deleted, payment to the Contractor will be reduced proportionately to the amount of service reduced in accordance with the bid price. If additional services and/or products are required from this Contract, prices for such additions will be negotiated between the Contractor and the County.

**4.10 SUBCONTRACTING:**

The Contractor may not assign this Contract or subcontract to another party for performance of the terms and conditions hereof without the written consent of the County, which shall not be unreasonably withheld. All correspondence authorizing subcontracting must reference the Bid Serial Number and identify the job project.

**4.11 AMENDMENTS:**

All amendments to this Contract must be in writing and signed by both parties.

**4.12 RETENTION OF RECORDS:**

The Contractor agrees to retain all financial books, records, and other documents relevant to this Contract for five (5) years after final payment or until after the resolution of any audit questions which could be more than five (5) years, whichever is longer. The County, Federal or State auditors and any other persons duly authorized by the Department shall have full access to, and the right to examine, copy and make use of, any and all said materials.

If the Contractor's books, records and other documents relevant to this Contract are not sufficient to support and document that requested services were provided, the Contractor shall reimburse Maricopa County for the services not so adequately supported and documented.

**4.13 AUDIT DISALLOWANCES:**

If at any time County determines that a cost for which payment has been made is a disallowed cost, such as overpayment, County shall notify the Contractor in writing of the disallowance. County shall also state the means of correction, which may be but shall not be limited to adjustment of any future claim submitted by the Contractor by the amount of the disallowance, or to require repayment of the disallowed amount by the Contractor.

**4.14 VALIDITY:**

The invalidity, in whole or in part, of any provision of the Contract shall not void or affect the validity of any other provision of this Contract.

**4.15 RIGHTS IN DATA:**

The County shall have the use of data and reports resulting from this Contract without additional cost or other restriction except as provided by law. Each party shall supply to the other party, upon request, any available information that is relevant to this Contract and to the performance hereunder.

4.16 INTEGRATION

This Contract represents the entire and integrated agreement between the parties and supersedes all prior negotiations, proposals, bids, communications, understandings, representations, or agreements, whether oral or written, express or implied.

IN WITNESS WHEREOF, this Contract is executed on the date set forth above.

**CONTRACTOR**

\_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
PRINTED NAME AND TITLE

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
DATE

BY: \_\_\_\_\_  
CHAIRMAN, BOARD OF SUPERVISORS

\_\_\_\_\_  
DATE

ATTESTED:

\_\_\_\_\_  
CLERK OF THE BOARD

\_\_\_\_\_  
DATE

APPROVED AS TO FORM:

\_\_\_\_\_  
MARICOPA COUNTY ATTORNEY

\_\_\_\_\_  
DATE

**VPA INC, 24025 PARK SORRENTO STE 200, CALABASAS, CA 91302-4007**

SERIAL 04007-RFP

PRICING SHEET COMMODITY CODE S06 32 01, NIGP 94807, BLANKET NUMBER 0604661

BIDDER NAME: VPA INC.

F.I.D./VENDOR #: 95-3391726

BIDDER ADDRESS: 24025 PARK SORRENTO, SUITE 200 CALABASAS, CA. 91302

P.O. ADDRESS:

BIDDER PHONE #: 818-222-3040

BIDDER FAX #: 818-622-3108

COMPANY WEB SITE: [WWW.VPAINC.COM](http://WWW.VPAINC.COM)

COMPANY CONTACT (REP): ROBERT TROTTA

E-MAIL ADDRESS (REP): [RTROTTA@VPAINC.COM](mailto:RTROTTA@VPAINC.COM)

WILLING TO ACCEPT FUTURE SOLICITATIONS VIA EMAIL: X YES

ACCEPT PROCUREMENT CARD: X YES

OTHER GOV'T. AGENCIES MAY USE THIS CONTRACT: X YES

PAYMENT TERMS:

NET 30

**1.0 PRICING:**

**1.1**

**Short Term Disability Administration:**

**Rates**

Rate Guarantee			Rate Guarantee		
Year 1 (1/1/2005 - 12/31/2005)	Year 2 (1/1/2006 - 12/31/2006)	Year 3 (1/1/2007 - 12/31/2007)	Year 4 (1/1/2008 - 12/31/2008)	Year 5 (1/1/2009 - 12/31/2009)	Year 6 (1/1/2010 - 12/31/2010)

**ALL OF THE COUNTY**

**ASO**

**1.1.1 Monthly Retainer Fee**

\$ 500.00    \$ 500.00    \$ 500.00                      0%                      0%                      0%





<b>2.1.3-Charge Per Approved Claim</b>	\$ 280.00	\$ 290.00	\$ 300.00	5%	10%	15%
<b>(INCLUDES ADJUDICATION AND ALL PROCESSING FEES)</b>						

<b>2.1.4 Charge for drafting benefit document/booklet</b>	\$ -	\$ -	\$ -	0%	0%	0%
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<b>2.1.5 Charge for printing benefit document/booklet (assume initial order of 15,000 copies)</b>	\$ 3,000.00	\$ 3,000.00	\$ 30,000.00	5%	10%	15%
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<b>2.1.6 Other: (Describe)</b>						
IMPLIMENTATION FEE (ONE TIME ONLY)	\$ 12,000.00	\$ -	\$ -	0%	0%	0%
EXPENSES ARE BILLED AT COST	\$ _____	\$ _____	\$ _____	_____ %	_____ %	_____ %
LEAVE OF ABSENCE SERVICES (PER REQUEST)	\$ 125.00	\$ 125.00	\$ 125.00	5%	10%	15%

**Fully Insured**

<b>2.1.7 Rate per \$10 of Benefit</b>	NA	NA	NA	NA	NA	NA
<b>(INCLUDES ADJUDICATION AND ALL PROCESSING FEES)</b>						

Maximum Rate Increase will be calculated against prior year rate in effect.

**HEALTH SYSTEM ONLY**

**ASO**

**ASO**

<b>3.1.1 Monthly Retainer Fee</b>	\$ 500.00	\$ 500.00	\$ 500.00	0%	0%	0%
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<b>3.1.2 Initial Adjudication Per Claim</b>	\$ 150.00	\$ 155.00	\$ 160.00	5%	10%	15%
<b>(APPLIES TO DENIALS ONLY)</b>						

<b>3.1.3-Charge Per Approved Claim</b>	\$ 280.00	\$ 290.00	\$ 300.00	5%	10%	15%
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(INCLUDES ADJUDICATION AND ALL PROCESSING FEES)

<b>3.1.4 Charge for drafting benefit document/booklet</b>	\$ -	\$ -	\$ -	0%	0%	0%
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<b>3.1.5 Charge for printing benefit document/booklet (assume initial order of 15,000 copies)</b>	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	5%	10%	15%
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**3.1.6 Other: (Describe)**

IMPLIMENTATION FEE (ONE TIME ONLY)	\$ 5,000.00	\$ -	\$ -	0%	0%	0%
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EXPENSES ARE BILLED AT COST	\$_____	\$_____	\$_____	_____%	_____%	_____%
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LEAVE OF ABSENCE SERVICES (PER REQUEST)	\$ 125.00	\$ 125.00	\$ 125.00	5%	10%	15%
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**Fully Insured**

<b>3.1.7 Rate per \$10 of Benefit</b>	NA	NA	NA	NA	NA	NA
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(INCLUDES ADJUDICATION AND ALL PROCESSING FEES)

Maximum Rate Increase will be calculated against prior year rate in effect.

## EXHIBIT B, 04007

### 1.0 SCOPE OF WORK:

#### 1.1 Program Outline

##### 1.1.1 Eligibility

- All regular status active employees who meet benefit eligibility criteria as defined by Maricopa County (except some contract employees as specified below) and are *normally* scheduled to work at least 20 hours per week are eligible to purchase Short-Term Disability (STD) coverage. Employees working under specific contracts may or may not be eligible for certain benefits based on the terms of their contract.
- Coverage Effective Date  
Coverage for new and employees attaining benefit eligibility through a qualified status change begins on the first calendar day of the month following the date of hire or the event date of attaining benefit eligibility status, whichever is later.

#### 1.2 CONTRACTOR'S REQUIREMENTS

- 1.2.1 Contractor shall receive eligibility data, via a secured server, at least weekly in a file format generated electronically from the County's PeopleSoft HRIS System (Version 8.8). In addition, Contractor shall accommodate changes in file layouts due to PeopleSoft upgrades. Cost for eligibility data initial feed and maintenance shall be disclosed in the rate proposal.
- 1.2.2 Eligibility data received electronically from the County shall be applied to the Contractor's eligibility file. Any mismatched data will be sent electronically to the County. Minimum requirements on the mismatch report include first name, middle initial, last name, County employee identification number, date of birth and a field indicating a reason describing the mismatch.
- 1.2.3 In an emergency situation, contractor shall receive paper or electronic enrollment data/forms via fax.
- 1.2.4 Contractor must accept subscriber identification number (nine digits) as defined by the County. A subscriber identification number could be either: an employee identification number, social security number or an alternative identification number.
- 1.2.5 Contractor shall maintain and update an electronic database needed to administer the claim payments, maintain complete history, and report to and provide data for the County, Federal and State regulatory bodies as may be necessary or required.
- 1.2.6 Contractor shall maintain and update procedures and computer software needed to receive and process all benefit claims according to the Plan and all current and future regulations.
- 1.2.7 Contractor shall maintain claim processing procedures and software needed to screen claims for duplicate payments and establish control measures to prevent fraud by Contractor's employees.
- 1.2.8 Contractor shall establish a procedure to recover overpayments from future benefit payments. If the recovery cannot be made from future payments because the benefit period has ended and the overpayment is not recovered in a reasonable time period, the claimant will be referred to collections.
- 1.2.9 Contractor shall establish security measures to protect the confidentiality of claimant's medical and Social Security Number information.

- 1.2.10 Contractor shall establish quality assurance standards. If quality of care issues are identified, the contractor shall address such issues by developing a work plan that includes goals, objectives, planned activities, timeframes, and responsible parties.
- 1.2.11 General ledger accounts will be maintained by the County. Contractor will mirror the activity to ensure the accuracy.
- 1.2.12 Contractor shall provide electronic reporting data and billing in an Excel or CSV file format.
- 1.2.13 Contractor shall complete an internal audit annually and provide the County with results from the audit.
- 1.2.14 Contractor shall provide online access to self-service capabilities where the participating employee can inquire about his/her account, including accessing claim information, payment history and payment details, explanation of the claims extension process, obtain forms, view frequently asked questions, check on documents received by the Contractor, e-mail questions to customer service, access educational material, and file claims, through a secured website accessible with a personal identification number and password.
- 1.2.15 Contractor shall provide online access where the employer can generate reports through a secured website accessible with an identification number and password. . Such access shall include the ability to check on the status of a claim, claim history and estimated return to work dates, generate and download ad-hoc activity reports to the division level and download employee claim forms for any County employee
- 1.2.16 Claims filing and processing instructions shall be made available and posted electronically to contractor's website. .
- 1.2.17 Contractor shall set up the account structure for eligibility and reporting as defined by employer. The account structure must be able to accommodate three different groups: MIHS, County, and Non-payroll groups. Sub-groups must include Active employees, Public Service, Elected Officials, Contract Employees, Residents, Attendant Care, COBRA, and retirees. Additionally, the Department and Division must be included in the account structure.
- 1.2.18 Contractor shall conduct Maricopa County-specific customer service satisfaction surveys on a monthly basis and provide the County with quarterly and annual results and an action plan to improve any unsatisfactory results. The survey instrument will be in English and Spanish.
- 1.2.19 Contractor shall provide a customer service program staffed with live customer service representatives from 6:00 a.m. to 4:45 p.m. PST to assist participants with questions regarding their claims. Contractor will assign and train a small team to service the County account. The team will operate under the same management team running the Arizona State Retirement System. The County Benefits personnel will be assigned a contact resource who can answer questions for the County or department regarding claims handling or reporting.. There will be sufficient customer service representatives to meet the service standards of average answer speed of 45 seconds and abandonment rate of less than 5%. There will be sufficient numbers of Spanish speaking customer service representatives to meet the demand from the County. Customer service representatives will have the ability to view information regarding eligibility, claims status, missing information, pending status, reason for pending status, and claims payment to employees who contact them. Customer service calls and all contacts shall be documented in an electronic call tracking system in sufficient detail with dates of the call, the Customer Service Representative taking the call, the nature of the request and information provided. Diaries will be created for any required follow-up... Claim denial explanations will be provided by Disability Benefit Specialists. The customer service program shall include a County dedicated toll free line for employees to contact the contractor with questions.

Claims inquiries from either the claimant or the County will be answered the same or following business day. Should the County receive a complaint regarding a service issue, the Contractor shall investigate such complaint, contact the claimant to resolve the issue, and respond in writing to the County regarding the results of the investigation.

- 1.2.20 Contractor shall provide a complete program of disability management services, techniques, and methods to encourage disabled employees to return to work. Case managers and return to work specialists will focus on breaking down barriers in returning employees to work in accordance with the County policies and procedures.
- 1.2.21 Contractor shall provide (at no extra cost) fully trained staff to participate during the County's Open Enrollment meetings, New Employee Orientation (minimum of one hour each week), and County Departmental Meetings as needed. Contractor shall provide ongoing support according to a predefined service schedule.
- 1.2.22 Contractor shall provide the first and second level claims appeal and quality of care or service issue processes including review of existing and new information by qualified staff not involved in the initial denial and notification of claimant of the results of the appeal.
- 1.2.23 After the first quarter of program implementation (January 1 through March 31), Contractor will conduct an initial self-audit based upon mutually agreed upon criteria for the purpose of assessing system set-up. This initial audit will be due in the second week in May.
- 1.2.24 Contractor shall participate in joint operations meetings with other external vendors, and will share data according to mutually agreed upon guidelines and confidentiality agreements.
- 1.2.25 Contractor shall partner and participate with other County external vendors to help achieve desired program outcomes including the Psychworks program with United Behavioral Health regarding mental health disabilities.

### **1.3 Implementation and Ongoing Requirements**

- 1.3.1 Contractor shall provide an implementation Team that is cross-functional and include representatives from programming, client services, quality assurance and reporting, and claims operations.
- 1.3.2 Contractor shall set up the County's account according to a comprehensive work plan that identifies tasks, dates, and responsible parties to ensure implementation prior to the effective date of the contract.
- 1.3.3 Contractor shall meet with County personnel to establish banking and payment arrangements including establishment of a claim payment checking account and establishment of the funding mechanism for the claim payment checking account, design of claim payment check, and bank approval of claim payment. check.
- 1.3.4 Contractor shall provide sufficient supplies of up-to-date claim forms, instructions, and educational materials describing services, in English and Spanish (initially and on an ongoing basis at contractor expense).
- 1.3.5 Contractor shall draft benefit document/booklet for County's consultant and/or attorney review and provide in an electronic format.
- 1.3.6 Contractor shall consult with the County to ensure the County's plan is in compliance with all statutory requirements.

- 1.3.7 Contractor shall create custom letters, emails, data interfaces for receipt of eligibility information, installing County specific plan rules in the Contractor's claims system and create a comprehensive set of reports to demonstrate the activities and outcomes for the Contractor's services.
- 1.3.8 Contractor shall provide specifications for the automated eligibility interface file and thoroughly test such file prior to the effective date of the contract.
- 1.3.9 Contractor shall transfer claim files from the current Contractor, review open claims to insure continuity of valid claim payments, complete a file review check list for each claim to ensure that all factors relating to the payment of a claim have been evaluated and acted upon, review open claims to determine status and accuracy of benefit offsets, test claim payment calculations, notify claimants of the change in claims adjudication vendor, and notify claimants of any changes to future payments.

**1.4 Reporting Requirements:**

- 1.4.1 Contractor shall provide their standard reporting package for claims processing, financial reporting and customer service to the County in Excel format. All reports are due by the 15<sup>th</sup> calendar day following the reporting period and must be **County-specific**. Additionally, the Contractor shall provide to the County their data from which the County can produce ad hoc reports that drill down to the division level of the account structure.

**1.5 Administration Procedures**

- 1.5.1 Contractor shall make claim decisions using qualified, trained and appropriate staff (RN Case Manager or Disability Benefit Specialist) based on their review of objective medical evidence. Independent medical exams and second opinions shall be conducted by independent, licensed physicians.
- 1.5.2 Contractor shall pay claims accurately and timely. Accuracy is defined as paying the correct benefit less offsets and benefit elective deductions according to the County plan for the correct duration in 99% of claims when Contractor has accurate and timely information. A claim is paid timely when it is paid or denied within seven calendar days of receipt of all necessary information.
- 1.5.3 Benefits shall be paid at least weekly. Pre and post tax benefit deductions shall be deducted from the disability payments.
- 1.5.4 The employee shall submit claims directly through the Contractor's online system or telephonically through the Contractor's Customer Service Department via a County dedicate toll-free telephone number. The Contractor shall coordinate and obtain missing employer, employee and medical information from various sources.
- 1.5.5 Upon receipt of a claim, the Contractor shall initiate communication with the claimant with a claim confirmation, employee release statement, a right of reimbursement form and a cover letter that explains the disability process, advises them of their FMLA rights, and guides claimant on their next steps within 48 hours of initial claims notification. Contractor will include communication information regarding benefit costs, and if claim is approved, that deductions will be taken from claimant's disability payment to pay for the cost of benefits.
- 1.5.6 Contractor shall contact the physician by phone and attempt to obtain needed information over the phone, if the physician does not phone in within 3 calendar days of the initial claim intake.
- 1.5.7 Contractor shall follow up with the physician and the employee at least once per week until the physician statement is obtained.

- 1.5.8 Contractor shall follow up with the claimant on any missing information needed to process the claim within 7 calendar days.
- 1.5.9 Contractor shall notify claimants of denied claims and the specific reason(s) for the denial, within 30 days of receipt. The notice will include the claimant's appeal rights and procedures to file an appeal.
- 1.5.10 Contractor shall notify claimants of approved claims, including the duration of the approval and next steps to continue receiving payments, if disability continues past the expected duration.
- 1.5.11 Contractor shall timely notify claimants and the County of delayed claim payments that are caused by an error, omission, or missing information in claim determination documentation.
- 1.5.12 Contractor shall coordinate with Workers' Compensation if the claim is work related.
- 1.5.13 Contractor shall manage the duration of claims that are complex or present a medical opportunity with the goal of returning the employee to work according to the physician's directions and request for accommodations.
- 1.5.14 Contractor shall review claims that exceed two months duration, certification is beyond duration guidelines, or employee released to part time work release for a transitional return to work opportunity by working with the employee, the supervisor, and the County Disability Managers if the department cannot accommodate the employee's needs..
- 1.5.15 Contractor shall manage claims with a medical opportunity in conjunction with the Psychworks program through United Behavioral Health when the primary diagnosis is related to a mental health condition.
- 1.5.16 Contractor shall evaluate the employee for rehabilitation services with the goal of returning the employee to gainful employment in a job that is medically appropriate. Costs of rehabilitation services such as having the claimant evaluated by a vocational rehabilitation nurse, functional capacity evaluation, and/or evaluation training or treatment at a rehabilitation center or hospital is the responsibility of the County. The Contractor will secure the County's approval of these expenses before incurring the expense.
- 1.5.17 Contractor shall investigate claims that appear to be suspicious or fraudulent. Costs of outside services provided by parties other than the Contractor, such as medical consultations, independent medical examinations or functional capacity evaluations, field case management, conduction of field investigations or surveillances, and obtaining copies of doctor's and hospital records, which are required in the day-to-day administration of the Plan, will be billed to the County. Contractor will advise the County monthly of the type and amount of these expenses.
- 1.5.18 Contractor shall Issue drafts to the claimant and withdraw claim payment amounts from a zero balance checking account as the checks are presented for payment which allows the County to receive the full benefit of any float that may exist.
- 1.5.19 Contractor shall print checks or drafts and corresponding explanations of benefits containing detailed gross to net calculations.
- 1.5.20 Contractor shall notify the County on a daily basis of any withdrawals to the checking account to ensure sufficient funds are available
- 1.5.21 Contractor shall prepare an electronic monthly numerical and alphabetical register of drafts issued in Excel format. The register should include the check or draft number,



employee name, claimant name, payee name, amount of check or draft, the date incurred and the date paid

1.5.22 Contractor shall invoice the County on a per claim fee on a monthly basis.

**1.6 County Rights and Obligations**

The County assumes responsibility for the following actions:

- 1.6.1 Distribute announcement of new contractor, plan design, and administrative requirements.
- 1.6.2 Review and approval of all communications materials to employees including but not limited to plan document, summary plan description, claim forms, booklets, newsletters, letters, ID cards, and any other employee communication material prior to its printing and distribution. Typesetting and printing expenses unique to the County will be billed to the County. Contractor will secure typesetting and printing approval from the County before incurring such expenses.
- 1.6.3 The County approves all on-site visits by the Contractor's personnel to any County department or location prior to the scheduled visit.
- 1.6.4 The County will allow the Contractor to audit the County's records for valid business reasons to verify accounting of fee payments with proper notification.
- 1.6.5 The County will provide eligibility data to the Contractor on a weekly basis via an electronic interface file.

**1.7 Performance Guarantees**

- 1.7.1 Telephone Performance: All incoming calls during business hours received by a customer service representative will be answered within 45 seconds as measured by a semi-annual report.
- 1.7.2 Turnaround Time: The difference between the date information needed to make claim determination is received and the date of decision will be on average four business days for the period as measured by a semi-annual report.
- 1.7.3 Payment/Financial Accuracy: The net dollar amount of correct payments divided by the total amount of payments for the year shall be 97% as measured by sample audit results on an annual basis.
- 1.7.4 Customer Service Satisfaction: The overall average score of surveys will be 3.75 or greater as measured by report semi-annually.
- 1.7.5 Report Distribution: 97% or greater of the standard reports will be generated and delivered by their due dates as measured by report semi-annually.
- 1.7.6 Amount at risk. Five (5%) percent of total fees, one (1%) per performance factor.

**1.8 Underwriting Requirements:**

- 1.8.1 Final rates (years four, five and six) shall be due 180 days prior to the contract renewal date.
- 1.8.2 The County will self-administer the payment of fees. All fees will be paid based upon the County's enrollment counts.
- 1.8.3 The County reserves the right to audit the contractor's claims processing, payment, and membership records with reasonable notice.

- 1.8.4 The contractor, by submitting a proposal in response to these specifications, acknowledges the County's right to select the auditors, and further agrees to cooperate fully with such auditors and waive all fees associated with providing access to the County's claim records, including use of the contractor's staff time to assist in the audit. The audits may include, but not be limited to:

- 1.8.4.1 Determinations of any mathematical errors in computation.
- 1.8.4.2 Determinations that only eligible insured's have had claims honored.
- 1.8.4.3 Review of turnaround time in claim processing.

The audits may be conducted during the policy period and/or upon completion of the policy period and/or following submission of the final policy report by the contractor at the discretion of the County.

Additionally, the contractor may be requested to provide periodic eligibility lists or tapes to the County at no charge in order to reconcile participants' eligibility.

If, at any time, the County has a reasonable belief that it is being systematically overcharged or double-billed under the contract, or that any other significant accounting irregularities exist, the County may conduct or hire an agent to conduct an audit of the Contractor's books and records with respect to this Contract. Such audit shall be undertaken at contractor's expense.

- 1.8.5 The Maricopa Integrated Health System (MIHS) may separate from the County. Should this happen, MIHS will be allowed to purchase benefits through the County. However, they will be required to pay for services based upon their group's usage on a standalone basis. Please provide pricing based on 3 scenarios; (1) All of the County (2) The County Administration Only (3) MIHS Only.
- 1.8.6 Regardless of which pricing scenario is chosen, claims experience will need to be tracked and reported based upon the two separate entities individually (The County Administration and Maricopa County Integrated Health System).
- 1.8.7 The County may correct legitimate administrative errors and is the final determinant of when such errors have occurred. The County shall be the final determinant for all eligibility issues.
- 1.8.8 In determining any person's rights to benefits under the Plan, contractor shall rely upon eligibility information furnished by the County.
- 1.8.9 The policy or contract's rate change date and anniversary will fall on January 1<sup>st</sup>. The County reserves the right to annually negotiate benefit modifications it considers in its best interest. Fees may be modified for such changes subject to mutual good faith negotiation on the value of such changes. By mutual agreement of the parties, the anniversary date of the contract may be changed to coincide with the County's fiscal year.
- 1.8.10 The County maintains the right to accept, reject, or cancel the contract of a contractor at any time following 30 days written notice, if there is a significant change, in the County's opinion, in the contractor's operation of the plan, including but not limited to, satisfaction with customer service, quality of the plan, satisfaction by the County's employees benefits staff.
- 1.8.11 The contractor shall have the capability to accept electronic transfer of funds.
- 1.8.12 The contractor shall be responsible for drafting, production and distribution, subject to County review and approval, of all communication materials and administrative forms in both English and Spanish. Such services may be subcontracted. Such documents shall be

produced in sufficient quantities to meet the County's needs for existing and future employees. Quantities may be reduced, subject to County approval, for all documents available on-line. However, the County will make the final determination as to the number of hard copy documents needed on hand at any point in time.

.Successful contractor will implement Maricopa County in a mutually agreed upon timely fashion and accomplish the following tasks:

- 1.8.12.1 Setting up the account structure and corresponding subgroups to the division level
- 1.8.12.2 Setting up the plan design
- 1.8.12.3 Establishing the claims edits and/or business rules
- 1.8.12.4 Transaction procedures are implemented correctly
- 1.8.12.5 Accurate member correspondence and reporting

**1.9 REIMBURSEABLE EXPENSES:**

The following "Other Plan Expenses" will be paid by VPA with VPA funds. VPA will bill Maricopa County monthly for reimbursement:

**1.9.1 *Claim Investigation Expenses***

Costs of outside services provided by parties other than VPA, such as medical consultations, conducting independent medical examinations or functional capacity evaluations, field case management, conducting field investigations or surveillances, and obtaining copies of doctor's and hospital records, which are required in the day-to-day administration of the Plans, will be paid by VPA out of VPA funds, and Employer will be billed for reimbursement. VPA will advise Employer monthly of the type and amount of these expenses. VPA will also provide further substantiation of any of these expenses, upon request by Employer.

**1.9.2 *Printing Expenses***

Typesetting and printing expenses for Plan claim forms, I.D. cards, Employer notices/bulletins, and any other special forms unique to Employer's Plan. VPA will secure typesetting and printing approval from Employer before incurring these expenses.

**1.9.3 *Business Reply Envelopes***

If Employer requests the use of Business Reply envelopes in administration of claims, VPA will pay the following costs out of VPA funds and invoice Employer for reimbursement.

- 1.9.3.1 Annual Business Reply permit and accounting fee
- 1.9.3.2 Postage costs which are prefunded and replenished as needed.
- 1.9.3.3 Cost of printing Business Reply envelopes

**1.9.4 *Rehabilitation Services***

Costs of rehabilitation services such as having a claimant evaluated by a vocational rehabilitation nurse and/or evaluation training or treatment at a rehabilitation center or hospital is the responsibility of the Plan or Employer. VPA will secure Employer's approval of these expenses before incurring the expense.

**VPA INC, 24025 PARK SORRENTO STE 200, CALABASAS, CA 91302-4007**

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Fax Number:	818/688-3108
Contact Person:	Robert Trotta
E-mail Address:	<a href="mailto:rtrotta@vpainc.com">rtrotta@vpainc.com</a>
Company Web Site:	<a href="http://www.vpainc.com">www.vpainc.com</a>
Certificates of Insurance	Required
Contract Period:	To cover the period ending <b>December 31, 2008.</b>